

NAB Domain 2 Operations Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What does the term 'Bargaining Unit' refer to?**
 - A. A group of employees defined by the National Labor Relations Board for union purposes**
 - B. A team in charge of financial audits**
 - C. A fund for employee retirement benefits**
 - D. A section of company policy manuals**

- 2. What financial concept refers to the excess of current assets over current liabilities?**
 - A. Capital Budgeting**
 - B. Net Worth**
 - C. Liquidity Ratio**
 - D. Working Capital**

- 3. What is the halo effect in employee evaluations?**
 - A. Being overly strict in evaluation**
 - B. Allowing one trait to influence overall ratings**
 - C. Rating employees based on personal feelings**
 - D. Ignoring performance metrics**

- 4. What does the Federal Mediation and Conciliation Service specialize in?**
 - A. Conducting labor negotiations**
 - B. Providing legal counsel**
 - C. Facilitating conciliation and mediation of labor disputes**
 - D. Enforcing labor laws**

- 5. Which theory suggests that employees expect their wages and benefits to reflect their work effort compared to their peers?**
 - A. Agency Theory**
 - B. Equity Theory**
 - C. Motivation-Hygiene Theory**
 - D. Maslow's Hierarchy of Needs**

- 6. Which inventory management method uses the oldest supplies first while considering expiration dates?**
- A. Just In Time (JIT)**
 - B. First In, First Out (FIFO)**
 - C. Last In, First Out (LIFO)**
 - D. Weighted Average Cost**
- 7. What managerial behavior involves monitoring and correcting progress toward organizational goals?**
- A. Planning**
 - B. Controlling**
 - C. Budgeting**
 - D. Coordinating**
- 8. What term describes the practice of using predetermined rates to reimburse nursing facilities without adjusting for actual costs?**
- A. Cost-Based Reimbursement**
 - B. Flat Rate System**
 - C. Prospective Rate-Setting**
 - D. Capitation Finance**
- 9. What is the purpose of a bank statement?**
- A. To show profits and losses**
 - B. To summarize all transactions in an account for a period**
 - C. To report asset values**
 - D. To assess loan eligibility**
- 10. Which office is responsible for identifying and eliminating fraud in Medicare and Medicaid?**
- A. Office of Health and Human Services**
 - B. Office of Inspector General (OIG)**
 - C. Department of Justice**
 - D. Federal Bureau of Investigation**

Answers

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1. A
2. D
3. B
4. C
5. B
6. B
7. B
8. C
9. B
10. B

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Explanations

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1. What does the term 'Bargaining Unit' refer to?

- A. A group of employees defined by the National Labor Relations Board for union purposes**
- B. A team in charge of financial audits**
- C. A fund for employee retirement benefits**
- D. A section of company policy manuals**

The term 'Bargaining Unit' refers to a specific group of employees that the National Labor Relations Board (NLRB) identifies for the purpose of collective bargaining. This unit typically consists of employees who share a common interest in terms of wages, working conditions, and other employment rights. The NLRB plays a crucial role in determining which employees belong to this unit, ensuring that they can negotiate collectively with their employer through their representative union. This is a fundamental concept in labor relations, as it establishes the framework within which unions operate to advocate for workers' rights and negotiate labor contracts. The other options do not accurately describe the term 'Bargaining Unit.' While financial audits, retirement benefits, and company policy manuals are important aspects of business operations, they do not relate to the collective representation and negotiation processes that are inherent to a bargaining unit.

2. What financial concept refers to the excess of current assets over current liabilities?

- A. Capital Budgeting**
- B. Net Worth**
- C. Liquidity Ratio**
- D. Working Capital**

The concept that refers to the excess of current assets over current liabilities is known as working capital. Working capital is an essential measure for assessing a company's short-term financial health and operational efficiency. It gives insight into a company's ability to meet its short-term obligations and manage its day-to-day operations. When current assets exceed current liabilities, it indicates that the business has sufficient resources to cover its immediate debts, which is crucial for maintaining daily operations and avoiding liquidity issues. Working capital is calculated using the formula: $\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$. A sufficient amount of working capital can help a company take advantage of new opportunities, manage unexpected expenses, and invest in its growth. In contrast, a negative working capital suggests potential financial trouble, as it may indicate that the company cannot cover its short-term liabilities with its short-term assets. In contrast, capital budgeting focuses on long-term investment decisions, net worth relates to the total assets minus total liabilities, and liquidity ratio measures a company's ability to cover its short-term obligations, but does not directly measure the excess of current assets over current liabilities like working capital does. Thus, working capital is the most appropriate term to define the excess of current assets over current liabilities.

3. What is the halo effect in employee evaluations?

- A. Being overly strict in evaluation
- B. Allowing one trait to influence overall ratings**
- C. Rating employees based on personal feelings
- D. Ignoring performance metrics

The halo effect in employee evaluations refers to the phenomenon where a single positive characteristic or trait of an employee disproportionately influences the overall assessment of their performance. This means that if an evaluator perceives an employee to excel in one area—such as communication skills—they may unconsciously rate this employee more favorably in other unrelated areas, even if those areas do not warrant a high rating. This effect can lead to evaluations that are not balanced or reflective of the employee's true performance across all metrics. The halo effect is particularly important to recognize because it can skew evaluations, making them less objective. For instance, a manager might overlook an employee's shortcomings in teamwork or problem-solving because they are impressed by their punctuality or charisma. Understanding this bias helps evaluators strive for a more objective assessment that reflects actual performance in various competencies.

4. What does the Federal Mediation and Conciliation Service specialize in?

- A. Conducting labor negotiations
- B. Providing legal counsel
- C. Facilitating conciliation and mediation of labor disputes**
- D. Enforcing labor laws

The Federal Mediation and Conciliation Service (FMCS) specializes in facilitating conciliation and mediation of labor disputes. This focus allows the FMCS to play a vital role in resolving conflicts between labor and management, often before formal strikes or other aggressive actions occur. By supporting both parties in reaching mutually agreeable solutions, the FMCS helps maintain stability in workplaces and fosters positive labor relations. The importance of their work lies in their ability to provide a neutral space where both sides can express their concerns, negotiate terms, and find compromises that can prevent disputes from escalating. This mediation role is crucial in industries where labor relations can be contentious and direct negotiations may lead to deadlock. While conducting labor negotiations might seem relevant, it is the facilitation aspect—rather than direct negotiation—that truly defines the FMCS's mission. Providing legal counsel and enforcing labor laws fall outside of their primary functions, as the FMCS focuses on mediation rather than legal representation or enforcement.

5. Which theory suggests that employees expect their wages and benefits to reflect their work effort compared to their peers?

A. Agency Theory

B. Equity Theory

C. Motivation-Hygiene Theory

D. Maslow's Hierarchy of Needs

Equity Theory is the correct choice because it posits that employees assess their contributions (such as work effort, skills, and time) against the contributions of their peers while also considering their compensation (wages and benefits). This theory emphasizes fairness and balance in the workplace, suggesting that employees are motivated by a desire to maintain equity in the workplace. When they perceive inequity, it can lead to demotivation and dissatisfaction. Therefore, if an employee feels that their pay does not match their effort relative to their peers, they may feel undervalued, which could ultimately affect their productivity and engagement. In contrast, Agency Theory focuses on the relationship between principals (such as shareholders) and agents (such as company executives) and is concerned with aligning the interests of both parties. Motivation-Hygiene Theory, also known as Herzberg's Two-Factor Theory, differentiates between factors that result in job satisfaction and those that prevent dissatisfaction but does not specifically address the comparative element between peers. Maslow's Hierarchy of Needs outlines a progression of human needs from basic physiological requirements to self-actualization and does not focus on wage and benefit comparisons among employees.

6. Which inventory management method uses the oldest supplies first while considering expiration dates?

A. Just In Time (JIT)

B. First In, First Out (FIFO)

C. Last In, First Out (LIFO)

D. Weighted Average Cost

The method that employs the principle of using the oldest supplies first, particularly taking into account expiration dates, is known as First In, First Out (FIFO). This approach ensures that items that were acquired first are sold or used before newer inventory. This is especially crucial in industries where products have a limited shelf life, such as in food or pharmaceuticals, as it helps to minimize waste and ensures that consumers receive the freshest products possible. In implementing FIFO, organizations prioritize the use of older stock to maintain quality and compliance with safety standards, ultimately supporting effective inventory turnover. This strategy can lead to better accuracy in inventory valuation as it generally reflects current market conditions more accurately, particularly when prices fluctuate. The other methods mentioned do not prioritize the use of older supplies or take expiration into account in the same way. Just In Time (JIT) focuses on minimizing inventory levels to reduce costs and improve efficiency. Last In, First Out (LIFO) operates under the opposite principle of using the most recently acquired inventory first, which can lead to older items remaining unused. The Weighted Average Cost method averages the cost of inventory over time but does not specifically address the timing of usage based on dates of acquisition. Therefore, FIFO distinctly aligns with the practice of using the oldest supplies first.

7. What managerial behavior involves monitoring and correcting progress toward organizational goals?

- A. Planning
- B. Controlling**
- C. Budgeting
- D. Coordinating

The correct choice, controlling, refers to the managerial behavior that focuses on monitoring performance and taking corrective actions to ensure that the organization is moving toward its goals. This involves establishing performance standards, measuring actual performance against those standards, and identifying any discrepancies. If performance deviates from the standards, managers take necessary actions to rectify the situation. This process is critical because it helps organizations stay aligned with their strategic objectives and ensures that resources are used efficiently. Controlling encompasses various activities, such as performance reviews, financial audits, and quality checks, which are essential for maintaining oversight and accountability within the organization. This managerial function helps to ensure that plans are implemented effectively and that adjustments can be made promptly when issues arise. In contrast, planning is focused on setting objectives and determining how to achieve them, budgeting involves allocating financial resources to various departments or projects, and coordinating refers to aligning activities and ensuring that different parts of the organization work together effectively. While these functions are important, they do not specifically encompass the ongoing monitoring and corrective actions that define the controlling process.

8. What term describes the practice of using predetermined rates to reimburse nursing facilities without adjusting for actual costs?

- A. Cost-Based Reimbursement
- B. Flat Rate System
- C. Prospective Rate-Setting**
- D. Capitation Finance

The correct term that describes the practice of using predetermined rates to reimburse nursing facilities, without adjusting for actual costs, is prospective rate-setting. This approach involves establishing rates based on expected costs rather than the actual expenses incurred by facilities. By predicting what the costs should be for a given period, healthcare providers can receive a fixed payment rate, which helps with budgeting and financial planning. In this system, reimbursement is determined in advance, allowing organizations to manage their resources and operations based on the anticipated financial support. This practice can encourage efficiency, as facilities may seek to operate within the set rates to maximize their profit margins. While it aids in standardizing costs, it may not reflect the real-time financial realities faced by individual facilities, as actual operational expenses may vary widely. Cost-based reimbursement, flat rate systems, and capitation finance offer different methods of payment not reliant solely on fixed, pre-established rates. Understanding the nuances between these concepts is crucial for comprehending the broader landscape of healthcare financing.

9. What is the purpose of a bank statement?

- A. To show profits and losses
- B. To summarize all transactions in an account for a period**
- C. To report asset values
- D. To assess loan eligibility

The purpose of a bank statement is to summarize all transactions in an account for a specified period. It provides account holders with a detailed record of their deposits, withdrawals, electronic payments, and any fees charged, indicating how the balance has changed over the timeframe covered. This summary helps customers track their financial activities, monitor their spending habits, and reconcile their personal records with the bank's records. While a bank statement might contain some information relevant to profits and losses, particularly for businesses monitoring income and expenses through their bank accounts, it is primarily not intended to present a comprehensive view of profit and loss. Similarly, it does not serve as a direct report on asset values or specifically assess loan eligibility, as these functions involve different types of financial documents and analyses. The essential role of a bank statement is its ability to provide clarity and transparency concerning account transactions over time.

10. Which office is responsible for identifying and eliminating fraud in Medicare and Medicaid?

- A. Office of Health and Human Services
- B. Office of Inspector General (OIG)**
- C. Department of Justice
- D. Federal Bureau of Investigation

The office responsible for identifying and eliminating fraud in Medicare and Medicaid is the Office of Inspector General (OIG). The OIG plays a critical role in monitoring and improving the integrity of health care programs that are administered by the Department of Health and Human Services. This includes investigating allegations of fraud, waste, and abuse within Medicare and Medicaid. The OIG produces reports, audits, and recommendations to ensure compliance and effectiveness in combating fraud. They have the authority to pursue civil and criminal enforcement actions to hold accountable those who commit fraud against these public health insurance programs. Their focus on integrity and compliance makes them the key agency in safeguarding Medicare and Medicaid against fraudulent activities, resulting in better protection of both public funds and beneficiary services.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://nabdomain2operations.examzify.com>

We wish you the very best on your exam journey. You've got this!

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